United Nations E/CN.3/2005/6

Economic and Social Council

Distr.: General
16 December 2004

Original: English

Statistical Commission
Thirty-sixth session
1-4 March 2005
Item 4 (d) of the provisional agenda*
Economic statistics: statistics of international trade in services

Report of the Task Force on Statistics of International Trade in Services

Note by the Secretary-General

In accordance with a request of the Statistical Commission at its thirty-fifth session,* the Secretary-General has the honour to transmit the report of the Task Force on Statistics of International Trade in Services, which is presented to the Commission for information.

* E/CN.3/2005/1.
* See *Official Records of the Economic and Social Council, 2004, Supplement No. 4* (E/2004/24), chap. I.A.

04-64987 (E) 250105

Report of the Task Force on Statistics of International Trade in Services

I. Introduction

1. During the past two years, the Task Force on Statistics of International Trade in Services has addressed the issues identified in the previous report to the Commission (E/CN.3/2003/15) and the suggestion of the Commission in 2003 that work should focus on increasing the quality of data. These issues, in brief, are (a) promoting the implementation of the *Manual on Statistics of International Trade in Services* (MSITS), including the development of compilation guidance and monitoring data quality; and (b) developing a statistical framework for the measurement of the trade-related movement of natural persons supplying services including the General Agreement on Trade in Services (GATS) mode 4.

2. The Task Force is also contributing to the current revisions of the basic economic statistics frameworks and classifications, where they affect trade in services, particularly the revision of the International Monetary Fund (IMF) *Balance of Payments Manual*, fifth edition (BPM5), and following these revisions proposes a limited updating of MSITS. The present report reviews the progress of the Task Force and its Technical Subgroup on the Movement of Natural Persons and future plans.

II. Activities of the Task Force

A. Coordination

3. One of the responsibilities of the Task Force is coordinating activities on international trade in services among the different international agencies, as well as informing the user community about statistical developments in the field. To that end, the recently redesigned Task Force web site, hosted and managed by the United Nations Statistics Division (http://unstats.un.org/unsd/tradeserv/), plays a major role. The web site serves as a central reference point on statistics of international trade in services for the dissemination and sharing of information. In addition to MSITS, training material and a list of past and future meetings, it contains an electronic archive of papers on international trade in services. The Task Force also plans to launch a newsletter on statistics of trade in services, which will be coordinated and prepared by the United Nations Statistics Division.

B. Promoting implementation of MSITS

4. Since the first publication of MSITS at the end of 2002, a major goal of the Task Force has been to promote the implementation of MSITS recommendations in countries. Strategies to achieve this include the development of compilation guidance, monitoring implementation and data quality, the coordination of technical cooperation, preparing a training module and the coordination of data collection by international organizations.

1. Compilation guidance

5. The development of compilation guidance on statistics of international trade in services had been identified by the Task Force as a priority area of work. At the September 2004 Task Force meeting, the World Tourism Organization presented a revised draft of a module on travel compilation guidance in the balance of payments, which sought also to develop synergies with the collection of international tourism data.

6. The Task Force welcomed a proposal to identify conceptual differences regarding tourism-related issues in BPM5, the Tourism Satellite Account and related frameworks in a transitional exercise, which would be an agenda issue for its next meeting.

7. In the light of the revision of BPM5 and the consequent uncertainty over future recommendations affecting the travel item, the Task Force agreed to defer discussions on compilation guidance until those recommendations were decided.

2. Monitoring implementation of MSITS and data quality

8. An Organization for Economic Cooperation and Development (OECD) paper setting out progress in implementation of MSITS, including discussion and some assessment of data quality, was submitted to the IMF Balance of Payments Committee in October 2004. The Statistical Office of the European Communities (Eurostat)-OECD methodological soundness questionnaire, covering the reporting of trade in services in the balance of payments, was sent out to about 40 countries in 2003 and to date about 30 countries have responded. Some partial analyses have been carried out and the information is proving very useful.

3. Coordination of technical assistance

9. The Task Force has an ongoing practice of sharing information on future technical assistance events and seminars on trade in services in order to avoid duplication and combine scarce resources, where appropriate. The shared information is compiled by IMF and is posted on the Task Force web site.

Selected recent and upcoming events

Host	*Dates*	*Subject*	*Agency Provider*
Center of excellence in finance	17-18 November 2004	Monitoring services for balance of payments statistics	IMF
Economic and Social Commission for Western Asia	14-17 December 2004	Trade in services	United Nations Statistics Division, World Trade Organization, IMF, United Nations Conference on Trade and Development (UNCTAD)
Caribbean Community	First quarter 2005	Trade in services statistics	United Nations Statistics Division/Economic Commission for Latin America and the Caribbean/CARICOM

10. At the request of the World Bank, a training module on statistics of international trade in services has been created by the World Trade Organization, with contributions from the Task Force. The training module has been tested, well received and refined in seven seminars in South-Eastern Europe in 2004 and is now available on the Task Force web site.

4. Data collection by international organizations

11. The Task Force coordinates data-collection activities of international agencies related to trade in services to minimize duplication. Recent and planned developments are described. IMF collects Extended Balance of Payment Services classification (EBOPS) components for trade in services on a voluntary basis as part of the balance of payments data collection. Eurostat has a newly passed regulation (2004) to collect detailed trade in services data according to EBOPS, and is developing a regulation to cover Foreign Affiliate Trade in Services (FATS) statistics according to the Categories for Foreign Affiliates of the International Standard Industrial Classification for All Economic Activities. OECD collects and publishes both FATS data and trade-in-services data, by partner country. UNCTAD continues to collect data on the activities of foreign affiliates, including those in the services sector. The United Nations Statistics Division is developing a worldwide database on trade-in-services statistics, detailed by partner country, service category and mode of supply, which the other data collections will feed into.

C. Revision of BPM5 and updating of MSITS

1. Review of the IMF annotated outline of BPM6 and Balance of Payments Technical Expert Group papers

12. The Task Force has a role to advise the IMF Balance of Payments Committee on services-related issues in the revision of BPM5. Accordingly, the Task Force reviewed the annotated outline of the revised *Balance of Payments Manual* for issues impacting on the measurement of international trade in services and associated issues raised at a meeting of the IMF Balance of Payments Technical Expert Group, held in Paris on 13 and 14 September 2004. The Task Force provided written comments to the IMF Committee meeting held in Pretoria from 26 to 29 October 2004.

2. Updating of the Manual on Statistics of International Trade in Services

13. Following the revision of BPM5, the activity and product classifications ISIC and the Central Product Classification (CPC), together with a planned chapter on the supply of services through the movement of natural persons, it will be necessary to update MSITS in order to maintain its usefulness and credibility for countries. The Task Force has agreed on a timetable to produce an updated MSITS by the end of 2008, for submission to the Statistical Commission in 2009. Apart from the above-mentioned driving factors and practical experience in implementing MSITS, because of its relative newness, the planned update would be limited in scope. In particular:

- The process would begin in 2005 with a review of EBOPS and issues to be included in scope of the updating

- June-December 2006: Task Force to review issues for revised MSITS and produce a draft outline of the updated MSITS, including EBOPS
- February-June 2007: consultations on the revised EBOPS and outline of the updated MSITS
- July 2007-March 2008: Task Force to review comments and draft the updated MSITS
- April-July 2008: worldwide consultation on first complete draft updated MSITS
- September-December 2008: Task Force to review comments and produce the final draft for submission to the Statistical Commission in 2009

III. Technical Subgroup on the Movement of Natural Persons — Mode 4

14. The Technical Subgroup on the Movement of Natural Persons — Mode 4 was established by the Statistical Commission at its thirty-fifth session, in 2004, with the objectives of (a) developing a conceptual framework for the measurement of the movement of natural persons, in particular of GATS mode 4; (b) developing indicators/variables which provide a measure of the impact of the movement of natural persons in the host and home countries; and (c) preparing data-collection guidelines. The United Nations Statistics Division as Chair and secretariat of the Subgroup.

15. The Subgroup works in close cooperation with international organizations and existing expert groups to provide input in the revision and update processes of economic statistics standards, namely the revision of BPM5, the update of the *1993 System of National Accounts* (1993 SNA), the revision of the Tourism Satellite Account and the revision of the census recommendations.

16. The Subgroup held its first meeting in Paris in September 2004. The meeting (a) discussed issues concerning the revision of BPM5 and the update of the 1993 SNA related to the measurement of the movement of natural persons; (b) discussed a paper prepared by the United Nations Statistics Division presenting a proposal for the statistical framework for the measurement of the movement of natural persons; and (c) provided a forum for exchange of information on activities in international organizations and on country practices in the compilation of statistics related to the movement of natural persons. The minutes of the meeting are before the Commission as a background document.

17. Since the statistical framework for the measurement of the movement of natural persons will serve several purposes, the Subgroup recognizes the importance of having the framework widely discussed and commented on before a final draft is produced. The web site of the Task Force, managed by the Statistics Division (http://unstats.un.org/unsd/tradeserv/subgroup.htm), will play a major role in the consultation process. All documents of the meetings and the various versions of the framework paper will be posted on the web site. In addition, the consultation strategy envisages presenting the framework paper in various forums so as to receive comments from a wide range of experts. The paper was discussed at both the Subgroup meeting and at the IMF Balance of Payments Committee meeting held in

Pretoria in October 2004, and will be revised on the basis of comments received. In the latter meeting, the United Nations Statistics Division was requested to expand the statistical framework to incorporate the measurement of remittances.

18. The statistical framework for the movement of natural persons will serve as a basis for an annex or a chapter in the revised *Balance of Payments Manual*, a chapter in the updated MSITS and a dissemination paper for GATS negotiators.

19. A detailed work programme with time lines and tasks to be completed by Subgroup members has been developed in order to meet the tight time schedule to include the final draft of the paper on the framework as an annex or chapter in the revised *Balance of Payments Manual*.